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HOUSING ELEMENT

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HOUSING ELEMENT (Revised)

CITY OF SAN MATEO

COMMUNITY DEVELOPMENT DEPARTMENT

Planning Division

City of San Mateo

PA83-82

Date of Adoption: December 17, 1984

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EXECUTIVE SUMMARY

HOUSING ELEMENT

I. INTRODUCTION

This is a summary of the housing element for the City of San Mateo. The Housing and Land Use Element of the General Plan (as revised in 1975) has been changed in response to legislation adopted by the California State Legislature in 1980 (AB 2853). The new law and subsequent guidelines have specific requirements about the contents of a housing element, the issues it must address and the importance of goals, policies, objectives, and implementation programs. The City has responded explicitly to the State mandate.

This legislation also requires a revision of the housing element by January 1, 1985. In response to this requirement, an update of the background data, goals and policies and action programs has been prepared and incorporated into the document.

The purpose of this summary is to provide a brief overview of the contents of the adopted housing element (October 5, 1981) and its 1984 revision. For detailed discussion of the many important issues that face San Mateo now and in the future, consult the complete housing element or the series of eleven working papers prepared in the process of its development.

This summary is organized in the same manner as the complete housing element. Section II is a housing needs assessment which provides background information used to form the policies and programs. Section III discusses the important issue of land suitable for residential development. Section IV discusses public and private sector constraints and resources that affect solutions to housing problems. Sections V and VI list the proposed Goals, Policies, and Objectives. Section VII lists the five-year implementation program that will respond to identified needs and objectives. Section VIII evaluates the effectiveness and progress of the Housing Element in terms of attainment of state and local goals.

II. HOUSING NEEDS ASSESSMENT

Population

- total population figure in 1980 of 77,561 according to the Federal Census, increasing to a 1984 figure of 80,940 according to the State Department of Finance
- growing portion of the population in older age categories (11% age 65 or older in 1970 to 14.7% in 1980)
- gradual integration of the population (from 6% in 1970 to 17% non-white in 1980)

Households

- households continue to increase despite stable population size (32,855 households in 1980)
- decline in average household size (from 3.2 persons per household in 1960 to 2.35 in 1980)

Income

- relatively high average income ($22,196 median household income in 1980 as opposed to $20,607 for the San Francisco Bay Region).
- low concentration of "lower-income" households (7,700 such households in 1970, representing 27% of the city total to 10,859 households (33%) in 1980.)

Employment

- San Mateo is leading employment generator in the county (projected 43,080 jobs in 1980 — 45,800 by 1990)

Fair Share

- the regional "fair share" concept allocates anticipated housing demand to individual communities — as developed by ABAG and published in their Housing Needs Determination (December 1983).

- ABAG-derived "fair share" would allocate the following responsibility to the City of San Mateo:

	1980	1990
housing units	34,440	37,375

Housing Supply

- housing supply grew at a very slow rate in the late 1970's (1980 census count of 34,268 units)
- decline in dominance of single-family dwellings (1960 -78% of total supply, 1980 - 57% of total supply)
- large, multifamily structures have been the most active part of the new construction market (9,000 units increase during the 1970's, 1980 figure of 14,702 units)

Tenure

- San Mateo has a large proportion of rental housing units (48% renter-occupied in 1980)

Housing Cost

- average sales price of a home in San Mateo in 1981 was about $160,000
- average sales price of condominiums (1980) varied from $112,000 for studios to $196,000 for four-bedroom units
- average apartment rentals (1980) varied from $300 a month for a studio to $600 a month for a four-bedroom unit.
- average condominiums rentals (1980) ranged from $540 for a one-bedroom to $760 for a four-bedroom unit

Vacancy

- vacancy rates in San Mateo have been very low in recent years (estimated at 0.9% in 1980)
- desirable overall vacancy rate is 3.92%

Special Needs

- single-person households are the most significant special housing need in San Mateo - representing 22% of the city total in 1970 and 30% in 1980
- elderly persons (who are also a large share of single-person households) represented 18% of all households in 1970 and 33% in 1980
- large families (five or more-persons) represented 13% of all households in 1970 and 7% in 1980

Housing Problems

- "overpaying" renter households are the most significant housing problem in San Mateo — 1970, approximately 5,000 lower-income households were paying 25% or more of their income to monthly rent in 1980 this number increased to 5,663, or 91% of all rental households with less than $15,000 annual income
- overcrowding and substandard housing units are not major problems in San Mateo
- displacement of households due to condominium conversion and private redevelopment is a significant issue in San Mateo because it reduces the available rental housing supply, especially lower-priced, rental housing although the number of condominium conversions has decreased since 1980 and tenant relocation benefits required by the City's Condominium Conversion Ordinance have increased.

Energy

- Energy conservation is a growing concern as the cost of utilities becomes an increasing share of shelter cost. Many energy conservation measures have been required through the implementation of a statewide energy building code (Title 24). In addition, through the City's Housing and Economic Development Division free weatherization, funded by the State of California Office of Economic Opportunity, and Pacific Gas and Electric, is provided to very low income residents Citywide.

III. LAND SUITABLE FOR RESIDENTIAL DEVELOPMENT

There is very little vacant land left in San Mateo that is zoned for residential development. It is anticipated that by 1985 all significant parcels will have been developed or approved for development. At current densities this land could accommodate an additional 1,000 housing units. That does not mean San Mateo must assume a "no growth" posture for its future planning. There are other means and incentives for ensuring a continuous increase in the housing supply of the future.

Private redevelopment of existing developed parcels will become the primary source of new housing in the long-run. This process can increase the housing supply in a number of ways. There are probably some areas where the land has been "underutilized." That means fewer units built than maximum densities will allow. The constantly increasing value of land will give incentives to property owners to build to the maximum density. Parcels could also be rezoned to higher densities (in appropriate situations). Zoning code amendments are presently under study which would increase densities on larger multi family zoned (R3, R4 and R5 parcels.) A systematic evaluation of specific area plans (such as the downtown plan) which is presently under review in the city could be conducted to identify areas where this can occur. The Senior Citizen District zoning concept currently in effect in San Mateo is another means of increasing housing densities through relaxation of development and parking standards four a specific housing need. Encouraging mixed use developments is another way of getting housing into areas where it previously would not have been built. Finally, the identification of surplus public land, such as school sites, would also provide a limited increase to available residential land.

Landbanking is a way of providing sites for the development of housing affordable to low-income persons. The landbanking process involves identification of appropriate sites and public acquisition of the parcels. The acquired sites can be vacant or developed and are held in public ownership until a sponsor can be found to develop or rehabilitate the needed housing. There are initially two sources of funding that can be tapped to get such a program started - the Community Development Block Grant program and Tax Increment Funding from the City's redevelopment areas. The City already has authorized $500,000 to be set aside under the CDBG program for that purpose and has a site inventory which includes a 2.9 acre site at Pacific Blvd. and Laurie Meadows Dr. Sale of the property to the sponsor would partially replenish the fund for future acquisition.

IV. CONSTRAINTS AND RESOURCES

There are two categories of constraints and resources which affect the development of housing; governmental and non-governmental. Governmental regulations can impose costs and time delays which make it difficult or expensive for the private sector to build new housing. Nongovernmental factors, such as the cost of land, construction, and financing are direct costs that are eventually passed on the housing consumer.

The City of San Mateo regulates housing development through the zoning code, subdivision regulations, condominium conversion ordinance, development and improvement fees, and permit processing procedure. These are pretty standard devices employed by most communities for the purpose of protecting the general public health, safety, and welfare. None of the devices are considered excessive in terms of their impact on the cost and ability to build housing in comparison with other communities. At the present time, under study are Zoning Code amendments which would increase densities on larger multi-family zoned parcels. In addition the Draft Downtown Specific Plan also proposes density increases.

The development and improvement fees do add to the cost of development, but the City sees no alternative for providing public facilities, since the passage of Proposition 13 in 1978. San Mateo's permit processing procedure is considered quite efficient in that the Board of Zoning Adjustments (composed of city staff) is able to process and approve a large number of project applications. Better coordination between developers and the planning department can enhance the efficiency of the review process and sometimes shorten the period of review. The City has published a development handbook which acquaints developers with San Mateo's development review process and the standard conditions of approval imposed on projects.

The major nongovernmental constraints to housing development are the cost of land, construction, and financing. These are factors controlled somewhat the state of the regional and national economy. The cost of these factors have increased substantially in recent years. The major cost component is construction, which takes up to two-thirds of the total sales price. Land is the second most expensive component which accounts for 20 to 30 percent of the total price. Financing of development costs is a relatively small portion of sales price, if the length of construction is not significantly extended. Obtaining financing at this time is a greater concern to the builder. The costs of financing have become the most significant factor for the home purchaser. Mortgage interest rates have raised monthly costs beyond the means of most first-time would be purchasers. Present interest rates vary widely depending on the type, amount and terms of the loan. For example fixed rate loans for a term of 30-years range from 12.875%+ (2 points & $200.00 commitment fee) to 14.5% (+2 points) variable rate loans for 30 years while

Graduated Payment Mortgages and Adjustable Rate Mortgages range from 9.6%+ (2.5 points) to 12.5% +(2.25 points). While variable rates facilitate the initial entry of would be purchasers, the actual effectiveness of variable rate loans in aiding in the affordability of housing is not clear.

V. GOALS AND POLICIES

There are six general goals and twenty-three specific policies associated with the goals. These statements will serve as a guide to future city actions on housing issues and the development of the implementation. The specific wording of each statement is in the full document. For this summary the essential meaning of the goals and policies have been condensed and are listed as follows:

Goal #1 Provide sufficient variety and supply of housing

Policies:

1A establish guidelines for development
1B permit multifamily housing in appropriate situations
1C encourage provision of medium cost housing
1D permit greater intensity of land use for housing in appropriate areas
1E limit development and redevelopment to areas that can be adequately served
1F promote the development of housing for the elderly
1G evaluate the development review process to remove unneeded obstacles

Goal #2 Maintain Suburban Atmosphere

Policies:

2A protect residential areas with adequate buffers

Goal #3 Expand Housing Opportunities for Low- and Moderate-Income People

Policies:

3A establish a "landbank" for housing
3B seek and assist private developers in creating low- and moderate-income housing
3C low- and moderate-income housing should not be concentrated in one area
3D establish a citywide housing fund that will help to expand the supply of low- and moderate-income housing
3E maintain San Mateo's commitment to participation with the County Housing Authority allocation of rental assistance subsidies
3F grant priority processing of development applications to low- and moderate-income housing projects

Goal #4 Improve Housing Condition and Prevent Neighborhood Blight

4A promote rehabilitation by encouraging public participation, revising regulations, and exploring potential funding sources
4B provide capital improvements and public services to support housing conservation and rehabilitation

Goal #5 Assure Equal Housing Choice

5A provide counseling in city programs
5B support monitoring programs
5C support citizen participation in the decision process
5D support legislation to end "redlining" practices
5E encourage affirmative marketing programs

Goal #6 Encourage Energy Conservation

6A support and coordinate with overall city energy policy
6B disseminate relevant energy conservation information

VI. QUANTIFIED OBJECTIVES

The State requires that quantified objectives on the level of housing activity be included in each community's housing element. The quantified housing objectives for the City of San Mateo during the 1980–1990 period are as follows:

• net increase in total housing supply	3,107 units
• newly constructed low- and moderate-income housing (rental)	400 units
• substantially rehabilitated low- and moderate-income housing	500 units
• conserved (minor repairs) low- and moderate-income housing	250 units
• rental assistance for lower-income households (Section 8 rent supplement)	14% share of countywide allocation

VII. FIVE-YEAR IMPLEMENTATION PROGRAM

The goals, policies, and objectives of this housing element will be carried out through a five-year implementation program, as required by state regulations. The program is organized in six subject areas, which, in turn, contain a total of 30 action items (see Figure 1). Nineteen of the action items are on-going activities already in effect in San Mateo. The remaining programs are new, and may require a period of research and development before actual results can be produced.

The effectiveness of this program depends on the level of staff and financial commitment that San Mateo is willing and able to make. Ten of the action items require significant financial commitments to be truly effective. The Citywide Housing Fund would require the most money, but it will serve to fund some of the other programs, such as land acquisition, and expanded housing rehabilitation loans. Potential funding sources include the Community Development Block Grant program, the 20% housing fund set aside from Tax Increment Revenues, assessment of special fees on new development and conversions, grant programs (public or private) created in the future, and return on housing investments made through the housing program.

The remaining action items are low-cost in nature or require no additional expenditures beyond existing levels of commitment. Examples in this category include the Downtown Specific Plan, Senior Citizen District zoning ordinance, mobile home zoning ordinance, and the fair housing program.

Figure 1

CITY OF SAN MATEO HOUSING ELEMENT

TEN-YEAR IMPLEMENTATION PROGRAM SUMMARY

A. Actions to Identify Adequate Sites

1. Land Acquisition Program
2. Downtown Specific Plan - Zoning Changes
3. Downtown Redevelopment Plan - Capital Improvements
4. Zoning Ordinance - Senior Citizen District
5. Identification of Potential "Air Rights" Development Sites

B. Actions to Assist in the Development of Low- and Moderate-Income Housing

1. Citywide Housing Fund
2. Provide Sites for Low- and Moderate-Income Housing
3. Obtain Commitments for State and Federal Assistance
4. Rental Housing Assistance (Section 8)
5. Home Sharing Program
6. Senior and First Time Homeowner Exchange Program
7. Bond Financing Program
8. Public Improvement Financing Program

C. Actions to Address, and Where Appropriate, Remove Governmental Constraints

1. Priority Processing - Low- and Moderate-Income Housing Projects
2. Developers' Guidebook and/or Seminars
3. Local Mobile Home Zoning Ordinance
4. Secondary Unit Ordinance
5. Revised Multiple Family Dwelling Zoning Regulations
6. Reduction of Parking Regulations
7. Repeal of Population Density Standards
8. Proposed R6 Zone
9. Density Bonus for Provision of Low to Moderate Income Housing

D. Actions to Conserve and Improve the Condition of Low- and Moderate-Income Housing Stock

1. Expanded Housing Rehabilitation Program
2. Minor Home Repair Program
3. California Housing Finance Agency (CHFA) Multi-Family Program
4. Jobs Bill Housing Rehabilitation Program
5. Rental Rehabilitation Program

E. Actions to Promote Housing Opportunities for All Persons

1. Fair Housing Program

F. Energy Conservation

1. Title 24 Conformance
2. Weatherization Program

VIII. EFFECTIVENESS AND PROGRESS OF THE HOUSING ELEMENT IN ACHIEVING STATE AND LOCAL GOALS

A review of the City's housing goals and policies indicate that they are appropriate with respect to contributing to the attainment of State housing goals. In particular, the City's goals to "Expand housing opportunities for low-moderate income people" and "Provide sufficient variety and supply of housing" assist in the statewide goals ". . . to expand housing opportunities and accommodate the housing needs of Californians of all economic levels" and ". . . to make adequate provision for the housing needs of all economic segments of the community."

In evaluating the effectiveness of the housing element in terms of achievement of the City's housing goals and objectives and the progress of the City in the implementation of the housing element the City's actions since 1981 must be examined.

In 1983, the City Council directed the Planning staff to review and recommend changes in unit density, bedroom density, off-street parking, with the intent of encouraging additional housing. These changes in the Zoning Code and General Plan were mentioned in the Housing Element as ways to increase the availability of housing in San Mateo. Since that time, the bedroom density limitation has been repealed and studies regarding reductions in parking requirements and increases in density are underway.

Several programs, such as the Housing Rehabilitation Loan Program, Home Sharing Program, Minor Home Repair Program, have been ongoing programs to assist in maintaining existing housing stock.

Numerous state mandated requirements have also been implemented at the local level. A secondary unit ordinance was adopted in 1983 in response to AB1534 and seven such units have been approved by the City. In addition, the 25% density bonus given to projects providing a portion of low- to moderate-income units, in response to AB2099, is being requested by two (PA84-44 Lakeshore Plaza, 453 units and PA84-18 Peninsula Park, 92 units) projects presently being reviewed and processed by the City.

With regard to rental stock in San Mateo, two significant actions have taken place. Implementation of bonds under AB665, Tax Exempt Multi-Family Housing Bonds have been issued for two multi-family projects since 1981. As a result, a total of 130 very-low to lower income units will be constructed.

In addition, a Rental Rehabilitation Program has been established which will provide low interest loans (5% and 10%) up to a maximum of $5,000/unit to qualified landlords in the City's rehabilitation target areas.

The 1981 Housing Element identified quantitative objectives to be used in evaluating the provision of housing in the City of San Mateo. The chart below indicates figures through October of 1984, projections to 1985 assuming the same level of growth as occurred between 1980 and 1984, and the quantified 1985 objectives listed in the City's Housing Element.

Quantified Objectives and Performance

	1980–June 1984	1985 (proj.)	Housing Element 1985 Goal
Net Increase in Total Housing Supply	1,050	1,500	2,350
Newly Constructed Low- and Moderate-Income Housing	72	202	360
Substantially Rehabilitated Low- and Moderate-Income Housing	180	257	536
Conserved (Minor Repair) Low- and Moderate-Income Housing	110	157	150
Rental Assistance for Lower Income Households	14%	14%	14% of Countywide Total

With respect to those areas where the City did not fulfill the Housing Element's 1985 goals, several points should be noted.

1) Several large residential projects are presently under construction but have not yet been completed. Two residential projects containing 192 units each would add 384 units in and of themselves to the 1,050 unit figure in June of 1984.

2) A total of 130 lower income units will be constructed through the issuance of AB665 tax exempt bonds.

3) Records from the City's Housing and Economic Development Division indicate that an annual level of 50–70 units to be rehabilitated is a more realistic goal rather than the 134 units per year identified in the 1981 Housing Element.

HOUSING ELEMENT

CITY OF SAN MATEO

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CHAPTER I

INTRODUCTION

In 1980, the California State Legislature enacted into law AB 2853. This law requires all cities and counties to have housing elements adopted by October 1, 1981. The housing element is an important component of a community's general plan because it defines housing problems and resources, sets local goals, policies, and objectives, and establishes local programs that will be implemented by the community to ensure that all that is publicly possible is being done to provide safe, decent housing for its current and future residents.

The City of San Mateo combined the housing and land use elements in its adopted General Plan of 1975. In 1981, a revised Housing Element was prepared which separated those two elements and updated its awareness of housing issues and improved the responsiveness of its goals, policies, objectives, and programs. This revised Housing Element was designed to respond to the requirements of AB 2853. The State's mandate has been rigorous in terms of the areas of analysis to be performed, the outline of local response to identified needs, and the kind of policies and programs that are appropriate to a housing element. This Housing-Elements brings the City of San Mateo significantly forward in terms of its understanding of housing issues and its commitment to find practical solutions to pressing problems.

In order to evaluate the effectiveness of the City's Housing Element, a separate provision of AB2583 required a revision of the Housing Element:

> "65588. (a) Each local government shall review its housing element as frequently as appropriate to evaluate all of the following:
>
> (1) The appropriateness of the housing goals, objectives, and policies in contributing to the attainment of the state housing goal.
> (2) The effectiveness of the housing element in attainment of the community's housing goals and objectives.
> (3) The progress of the city, county, or city and county in implementation of the housing element.
> (b) The housing element shall be revised as appropriate, but not less than every five years to reflect the results of this periodic review, except that the first such revision shall be accomplished by July 1, 1984."

In response to the requirement, the City of San Mateo has prepared this revision to the housing element. This revision is organized into three chapters, responding to the three criteria stated above.

This version of the Housing Element does not represent a radical departure from the City of San Mateo's efforts to solve housing problems. Included in the implementation aspects of this document are policies and programs that were previously adopted, such as the Senior Citizen District overlay concept and the Housing Rehabilitation Loan Program.

Basically, there are four major components required in a housing element; a housing needs assessment, goals and policies, quantified objectives, and a five-year implementation program. The housing needs assessment is done to evaluate the operation of the local housing market, using the most recent available data. Housing problems of the community are to be identified. Special attention must be paid to the needs of low- and moderate-income households. In this document, the term "low- and moderate-income housing" will be used from time to time. That term refers to housing that is within the reasonable financial means of low- and moderate-income households.

Constraints and resources for solving housing problems must also be evaluated to determine the potential direction of goals, policies, and programs. The suitability and availability of land for residential development is an important issue because the City of San Mateo is 95% "built-out". In San Mateo's case, resources other than vacant residential land will play an important role in future changes in the housing supply.

Goals and policies are guides to city action and decision-making. This Housing Element contains six broad housing goals and twenty-one policies that cover the spectrum of contemporary housing concerns. Where possible, the wording of existing, goals and policies have remained intact.

The 1981 Housing Element quantified objectives to serve as the basis for implementing the housing program for the period from 1980 to 1985. This revised Element updates this information to include the entire period between 1980 and 1990. The objectives cover increases in total housing supply, newly constructed affordable housing, rehabilitated and conserved housing, and rental housing assistance. The quantified objectives do not accommodate all of the identified need in the these time frames because of the scarcity of vacant land in San Mateo, lack of resources available for housing nationwide, and the relative enormity of chronic housing problems in general. The objectives are considered realistic figures that can be achieved, barring further limits to the use of housing resources in the foreseeable future.

The implementation program attempts to respond in a practical manner to the needs, policies, and objectives identified in the first six chapters of the element. There are six areas in which the program is organized;

1. Identification of adequate sites for housing development
2. Expanding the supply of affordable housing
3. Addressing governmental constraints to housing
4. Conserving and improving housing quality
5. Equal housing opportunity
6. Energy conservation

There are thirty action items described in Chapter VII that compose the program.

This document is organized into eight chapters. Chapter I (Introduction) explains the purpose and organization of the Element. Chapter II is the housing needs assessment. Chapter III discusses the availability and suitability of land for residential development in the City of San Mateo. Chapter IV discusses governmental and non-governmental constraints and resources for residential development. Chapter V presents the City's housing

goals and policies. Chapter VI presents quantified goals for the 1980–1985 period. Chapter VII describes the five-year implementation program. Chapter VIII evaluates the effectiveness and progress of the Housing Element in terms of attainment of state and local housing goals.

In a policy document it is impossible to provide a full discussion of all the relevant issues without losing the value of the most important components. For that reason, a series of eleven working papers were prepared to provide in-depth discussions of housing issues. Those papers are adopted by reference and can be reviewed at the City's Community Development Department.

CHAPTER II

HOUSING NEEDS ASSESSMENT

This chapter will assess the housing needs of San Mateo, consistent with the State's housing element guidelines under AB 2853. The purpose of this assessment is to provide general information on the local housing market, discuss housing problems, and identify potential resources the city can use to develop solutions for those problems. This assessment will be presented in terms of nine factors, which are listed below:

A. Population

B. Households

C. Income

D. Employment

E. Regional Fair Share Housing Need

F. Housing Supply

G. Special Housing Needs

H. Housing Problems

I. Energy Conservation

The following descriptions summarize the past, present, and projected (where applicable) status of each factor. In a policy-oriented document such as a housing element it is advisable to keep detailed analytical discussions to a minimum length. Discussions are kept mostly in a narrative format. More in-depth evaluation of the factors and tabular data are found in Working Papers 1 through 7 (adopted by reference).

A. Population

The City of San Mateo has gone from a period of strong growth in the 1960's to a decline in the population growth rate in the 1970's. The total population went from 69,870 in 1960, to 78,991 in 1970, an increase of 13 percent. The official 1980 population has not been was 77,561, representing a decline of 1.81% from 1970. This figure increased to 80,940 in 1984 according to the State Department of Finance. This indicates that San Mateo has reached a very slow. The Association of Bay Area Governments (ABAG) has projected a slow increase in population to 83,900 by 1985, with no increase projected to 1990. San Mateo appears to be characteristic of maturing suburban communities on the peninsula that have depleted most of their available supply of vacant residential land.

The population of San Mateo is "aging" as the distribution of people is shifting toward the older age categories. The percentage of young people (less than 18 years old) declined from 29.5% to 20.4% between 1970 and 1980. The portion of middle-age persons (45 to 64 years) went up, from 25% to 36%. The percentage of senior citizens (65 years and older) also went up, from 10.4% to 14.7%. A planning department estimate indicates that 44% of the population in the Downtown Area were age 62 or older.

Some racial and ethnic integration occurred in San Mateo during the 1960's and 1970's. The percentage of Whites went from 94% in 1960, to 83% in 1980. The Black population did not change very much, going from 2% to 4% of the city total. Other Non-Whites (mostly Asians) increased significantly, going from 4% to 13% of the population. The Spanish-surname ethnic minority went from 8% to 9% of the population between 1970 and 1980.

B. Households

The number of households (the basic units of housing demand) in San Mateo increased at a faster rate than population during the last two decades. From 1960 to 1970, the number of households went from 21,502 to 28,682, an increase of 33%. From 1970 to 1980, the number of households went from 28,682 to 32,855, an increase of 15%. The equivalent population increases were 13% and 1.8%, respectively. The difference in growth rates is attributable to overall demographic and lifestyle changes that have occurred in the last twenty years, which have caused a decline in household size.

Since 1960, the average household size in San Mateo has declined by 25%. Specifically, it went from 3.2 persons per household in 1960, to 2.7 in 1970, to 2.35 in 1980.

C. Income

Typical incomes in San Mateo are high, compared to the rest of the Bay Area. But like some communities, San Mateo has its share of low- and moderate-income households. The 1970 Census indicated that the median household income in San Mateo was $11,500. Owner households were a little wealthier ($13,500) and renters were a little poorer ($9,200). Between 1970 and 1980, San Mateo's median household income nearly doubled to $22,196. It should be noted that the City's Housing Assistance Plan utilize's the United States Housing and Urban Development Department's median income of $34,000 for a family of four.

The State and federal governments measure income in terms of "lower-income," which is defined as less than 80% of the areawide median. This definition is used to determine eligibility for housing subsidies and measuring the extent of housing affordability problems. Moderate-income has been defined as between 80% and 120% of the areawide median. Because of San Mateo's location in a relatively high-income area, the proportion of low- and moderate-income households is low. In 1980, 33% (10,859 households) in San Mateo were in the lower-income category, while 21.5% (7,067 households) were in the moderate-income category. In the San Francisco/Oakland SMSA, respective percentages were 40.1% and 19.8%.

D. Employment

The level of employment in a community will have some effect on the level of housing demand that is exerted in the area. Census figures indicate a labor force in San Mateo of 34,418 persons in 1967, 37,102 persons in 1970 and 43,421 in 1980. The number of employed individuals in the same years was 33,653, 35,452 and 42,144. The respective unemployment rates were 2.2%, 4.4% and 2.94%.

ABAG has projected a steady increase in the number of jobs in San Mateo through 1990. Their estimated number of jobs was about 43,080 in 1980, 45,800 by 1985, and 49,100 by 1990. That represents a 14 increase over the ten-year period.

The housing/jobs ratio is a concept that correlates economic growth with the anticipated increase in demand for housing. ABAG figures indicate that in 1975, the ratio was 1.1. households for each job. By 1990, this ratio is expected to decline steadily to 0.99 to 1, almost one household for every job created. If this ratio was the only factor considered in projecting housing demand, San Mateo could expect an increase of approximately 2600 households between 1980 and 1985.

E. Regional Fair Share Housing Need

The State's housing element guidelines say that a city should provide housing for its "fair share" of the region's total housing need. There are three ways of identifying an individual community share. ABAG has initial responsibility for developing fair share numbers in this area. The California Department of Housing and Community Development is supposed to develop numbers if the regional agency does not. The locality can produce its own figures if it disagrees with those of the first two sources. ABAG has developed a "Housing Needs Determination" for the entire San Francisco Bay Region, including San Mateo. The State requires that six factors be considered in the estimation of a local "fair share" housing figure. These factors are: 1) market demand for housing; 2) employment opportunities; 3) availability of suitable sites and public facilities; 4) community patterns; 5) type and tenure of housing; and 6) housing needs of farmworkers.

ABAG's projected need for San Mateo to the year 1990 is indicated below. The total number of households have been divided in four income categories; 1) very-low (less than 50% of median), 2) low (50% to 80% of median), 3) moderate (80% to 120% of median), and 4) middle and upper (greater than 120% of median). The 1980 median household income as reported by ABAG is $20,607.

TABLE II-1 CITY OF SAN MATEO

FAIR SHARE HOUSING NEED: 1980 - 1990

Year	1990	
Projected Households	38,150	
Additional Housing Units Needed (Total)		3,107
By Income Distribution		
very-low (under 50%)	590 (19%)	
low (50% - 80%)	497 (16%)	
moderate (81% - 120%	653 (21%)	
above moderate (over 120%)	1,367 (44%)	

F. Housing Supply

The City of San Mateo's housing supply grew at a slower rate in the 1970's than it did in the 1960's. The housing unit count went from 23,011 in 1960, to 29,363 in 1970, (a 28% increase) and then to 34,246 in 1980, (a ten-year increase of 16.6%). Most of the increase during the 1970's occurred in the first five years of the decade. From 1975 to 1980 the housing supply increased by 1,594 units, which amounted to an average rate of less than one percent per year.

The housing stock is dominated by single-family dwellings, but the level of domination has declined. Since 1960, this type of housing went from 18,027 to a 1980 Figure of 19,564, a net increase of 1,537 units. The percentage share of single-family housing has gone from 78% in 1960, to 56% in 1970, to 57 in 1980.

Multi-family housing has been the most significant type of new housing built in the last twenty years. Large apartment buildings (five or more units per structure) account for 9000 of the new units since 1960. About two-thirds of that number came between 1960 and 1970. Since 1975, the cost and difficult of building new housing has resulted in only 912 such units being added to the supply. In 1980, the 12,220 units in this category amounted to 36% of the total housing supply.

Mobile homes (27 units) do not represent a significant portion of the housing supply in San Mateo.

San Mateo changed from an owner-dominated housing market in the 1960's to a renter-dominated market in the 1970's. In 1960, two-thirds of the housing was owner-occupied. By 1970, the proportions changed to 49% owners and 51% renters. In 1980, the proportions were 50 owners and 46 renters (4.06 reported vacant). That relationship appears to have remained fairly stable since 1975.

Purchasing or renting a home or apartment in San Mateo is expensive, but typical of the high cost of housing that predominates the San Mateo peninsula. In 1980, the average home in San Mateo sold for $160,000.

Condominiums, which are a very active part of San Mateo's housing market, have average prices that range from $112,000 for studios, to $196,000 for a four-bedroom unit. Average rents are $300 for a studio to $600 for a four-bedroom apartment. Rented condominiums cost more and average from $540 for a one-bedroom to $760 for a four-bedroom unit. Comparison with price ranges in other peninsula cities indicates that San Mateo is slightly above average in its housing costs.

Vacancy rates in San Mateo have been very low in recent years. The Federal Home Loan Bank sponsors annual surveys that indicate a general decline in available units since 1978, when total residential vacancies amounted to 1.4%. In 1979, the rate was 1.2%. By 1980, the vacancy rate went to 0.9%. The State of California uses a vacancy standard of 2% for owner housing and 6% for rental housing as indicators of an efficiently operating housing market. With San Mateo's distribution of owner and renter housing the overall vacancy rate should be 4.2%. As of September 1983, the overall vacancy rate was 1.3%.

Residential building permits are indicators of the level of housing activity in a community. The city issued permits to build 6,164 housing units from 1970 through 1980. This is significantly more than the 4,712 unit increase recorded between 1970 and 1980. The reason is 4,712 represents the net increase in housing supply. Some of the new units built "replace" older units that have been lost through planned demolition, natural and man-made causes such as fires, and conversions of housing units to non-residential use. Since 1976, permits have been issued to demolish 77 structures which contained 125 housing units. For various reasons (including the difficulty of obtaining financing), some units for which permits were issued are never built. An important point to keep in mind is that construction activity generally has to exceed the projected net increase in housing demand to account for typical "losses" of housing stock.

From 1980 to June of 1984, building permits were issued for a total of 1,050 dwelling units, 184 being single family dwellings and 866 being units in multi-family developments.

Condominiums and stock cooperatives are the most significant type of housing being created in San Mateo today. Since the early 1970's, more than 2,500 condominium and 980 cooperative housing units have been converted in San Mateo. Almost all new large multi-family buildings are being built as condominiums. The 2300+ condominium or stock cooperative conversions completed by 1980 represent very significant activity. A study of Bay Area condo-conversions in 1979 indicates that San Mateo ranked very high among suburban communities in terms of the significance of this trend. To date, most of the conversions have occurred in large apartment complexes (50 or more units). It appears most future conversions will occur in smaller complexes (less than 50 units).

Condo-conversions have become an important issue in San Mateo because of the loss of low and moderate income housing that is often the result of conversion approval. Recent studies and surveys indicate that condo-conversion does not automatically mean a total loss of rental housing stock. Units that are rented tend to be leased at significantly higher rates, however. Conversions do offer some positive impacts for the city in terms of physical improvements to the buildings, the potential to create affordable ownership housing, and some fiscal benefits from property turnover. For tenants who are displaced by the conversion (approximately 50% to 75% of the tenants in a typical conversion) the current prospects of finding comparable housing at an affordable price are pretty slim, given overall vacancy rates of less than 1%. San Mateo adopted a condominium conversion ordinance in 1979, to specify physical and procedural requirements and to ensure a degree of relocation assistance to affected tenants. During the early 1980's the number of condominium conversions has decreased, with the last conversion being approved in September of 1981. In addition, the Condominium Conversion Ordinance was amended in 1981, increasing tenant relocation benefits and requiring lifetime leases for elderly and handicapped tenants.

G. Special Housing Needs

To provide adequate housing for all categories of people a community must consider the housing needs of handicapped persons, young or large families, female-headed households, and senior citizens. The shelter requirements of these special groups may emphasize the need for "accessible" housing, smaller housing, larger housing, secure housing, or affordable housing. Identifying the significance of these groups helps the developers and the city to understand distinctions of need within the housing market.

There are no figures on the number of handicapped persons in the City of San Mateo, but current estimates are that 40,000 individuals, age 16 or older, with some form of physical handicap, live in San Mateo County. The San Mateo Housing Authority estimates 788 disabled persons in the City, of which 85% (670) are in small families and 15% (118) are in large families. With minor modifications to existing building codes new housing that is built would be accessible to persons in a wheelchair.

The 1980 Census indicates that single-person households (9,913) were the most significant category of special group in San Mateo. They represented 30% of all households in the city. Senior citizen households (11,037) were also a significant category, representing 33% of all households. About 41% (4,089) of the single-person households were also senior citizens.

While the general orientation of special needs in San Mateo is toward small and elderly households, the needs of families should not be ignored. There were 2,439 large families (five or more persons) in 1980, representing 7% of the total. Female-headed households (2,897 represented 12% of the total. Young families (household head age 25 or younger) were not a significant category, representing only 3% (849 households) of the total.

H. Housing Problems

There are three specific housing problems that should be assessed, beyond the general problem of high cost and limited housing availability. Those problems are housing condition, overcrowding, and "overpaying" renter households. In combination these are components of a concept referred to as "housing need" which is used in analyses for developing housing programs. Another problem to consider is the displacement of households that is caused by redevelopment and condo-conversion.

In general, deteriorating of the housing stock is not a significant problem in San Mateo. There are a few subareas of the city, such as the downtown area, where there are some concerns about upgrading the quality of the housing stock. A housing rehabilitation loan program and assistance with minor repairs is underway to correct some of the deficiencies. The city's building division indicates that its major concerns about deteriorating housing stock are with some small apartment buildings that do not have on-site building management. San Mateo's Housing Assistance Plan determined there are approximately 1700 housing units in substandard condition, but suitable for rehabilitation. That represents 6% of the housing stock.

Overcrowding is a situation where the number of residents exceeds the number of rooms (excluding bathrooms and closets) in the unit. In 1970, overcrowding was not a large problem, with 982 households in that category. The general decline in household size in the last decade would indicate that problem has probably been further reduced. However, if the cost of housing continues o escalate beyond the means of low-income household it may force some of them to "double up" as a way of spreading out the cost, or move into smaller units than they need. Overcrowding could then become a significant problem for San Mateo.

The most significant housing problem in San Mateo is the number of low-income, overpaying, renter households. In 1980, 5,663 such households paid 25% or more of their incomes toward rent. That was 91% of all renter households with an annual income of less than $15,000 or 30% city wide compared with 52% of renters who were overpaying in the entire county. Since 1970, the cost of housing has gone up faster than income the rental overpaying problem is more severe at this time. There are federal housing subsidy programs that help low-income renters keep housing costs within the 25% framework, but the assistance available nationwide is far less than is needed to eliminate the problem.

Condominium conversion and redevelopment are two types of housing activity that have or will be occurring with frequency in San Mateo. The present low availability of vacant units makes it very difficult for displaced tenants to find comparable housing at rents they can afford. The current condominium conversion ordinance has provisions that provide a degree of protection to tenants in terms of periods of notification and relocation benefits. The existing condominium conversion ordinance was the subject of a blue ribbon committee that completed its recommendations on September 24, 1981. The City Council amended the Condominium Conversion ordinance in 1981 to increase tenant benefits and provide lifetime leases to the elderly and the handicapped. Larger condominium conversions have been required to retain a portion of their units for rental purposes for a number of years, to offset displacement impacts.

I. Energy Conservation

The conservation of energy has become an important issue in housing policy because of the rise in energy costs. The residential sector offers an opportunity to achieve energy savings through conservation measures, awareness, and application of appropriate technology. The State and federal governments have provided some incentive through research assistance, regulation, and tax credit. Local building departments have responsibility for implementation of the Statewide energy building code (Title 24) through the plan checking process. Public utilities have also found it in their interest to support individual conservation efforts. The City presently offers a free weatherization program, funded by the State of California office of Economic Opportunity and Pacific Gas and Electric, to low income residents Citywide. The Energy Conservation is also addressed through the City's environmental review process. The environmental document (Negative Declaration on Environmental Impact Report) for a development project identifies energy impacts and suggests mitigation measures to be taken which will reduce energy consumption. These mitigation measures are then imposed as conditions of approval on the project and are incorporated into the final working drawings.

San Mateo is considering the development of an overall energy policy that would contain four elements; an energy element of the General Plan, revisions to existing regulations such as the building and zoning codes, a solar ordinance, and a program of energy audits for publicly-owned property. All of those items would have some impact on residential energy conservation. General support for development and implementation of the energy policy will have long-term benefit to residents through energy savings and reductions in shelter costs.

CHAPTER III

LAND SUITABLE FOR RESIDENTIAL DEVELOPMENT

The State's housing element guidelines require that element discuss land suitable for residential development. This chapter of the San Mateo Housing element will describe resources and techniques available to the city to use existing vacant and developed land to accommodate future growth. While AB 2853 requires that land suitable for the housing needs of all economic levels be evaluated, it places emphasis on housing for low- and moderate-income households. The techniques and resources that will be described apply to overall increase in the housing supply. Opportunities to increase the supply of low- and moderate-income housing will be specially noted in the text.

San Mateo is rapidly depleting its supply of vacant, residential land. The city's computerized Land Use Information system (PARSTAR) indicated about 160 acres of vacant, residentially zoned parcels remaining in 1978, with the potential for building 2,183 housing units. That figure, by itself, is not enough to provide an adequate supply of housing to accommodate anticipated housing demand in 1985. San Mateo is very close to its "build out" point, but that does not mean the city must assume a "no growth" posture. There are a number of land resource technique the city can and is pursuing to ensure continuing growth of the housing supply.

A. Existing Vacant Land

The potential residential growth that can occur on vacant land zoned for residential use is somewhat limited. As previously stated, San Mateo is rapidly approaching "build out" and it is expected that all significant, vacant, residential parcels in the city will either have been developed, approved for development, or in the development approval process by 1985.

The San Mateo Housing and Land Use Element of 1974-75 indicated there were about 4,637 acres of developed residential land in the city in 1973. That represented about 66% of the total area of the city (approximately 11 square miles, or 7,050 acres). At that time there were 493 acres of vacant residential land available for development. Application of designated residential densities (persons per acre) to the developed land would have allowed for a population of 92,400 residents. The vacant land would have provided for an additional 13,900 residents. The maximum theoretical population for the city, based on densities and zoned residential land would be 106,300. San Mateo's estimated population in 1973 was 78,000, significantly less than the theoretical maximum.

An evaluation of land use printouts from PARSTAR revealed about 162 net acres of vacant residential land in San Mateo in 1978. There are seven categories of residential land with the lowest density designated R1-A and the highest R5. Application of minimum lot size requirements and maximum allowable development standards to each vacant parcel will determine the maximum number of housing units that could be built on vacant land in the city, under current allowable densities. This analysis determined a maximum potential of 2,183

housing units. The largest number of units from any zoning category was 1,122 units from parcels zoned R2 (duplex). Single-family detached zones would allow an additional 372 units. High density zones could accommodate an additional 689 units. In 1978, the total housing supply was about 33,000 housing units. That means the maximum potential housing supply in San Mateo would be about 35,200 housing units. By 1980, the supply is estimated to have increased to 34,246. In other words, existing vacant residential land would be able to provide an additional 1,000 housing units.

In terms of identifying vacant sites for potential residential development, it should be noted that a site survey was performed for the Housing Task Force of San Mateo County. This survey, entitled "A Little About Lots" identified properties which are available for development of five or more units. A total of 12 sites in the City of San Mateo were identified, representing a potential of 651 - 817 additional dwelling units in the event of development of these sites.

B. Private Redevelopment of Existing Land

In the future, a major source of housing development in San Mateo will come through the private redevelopment of existing developed parcels. The redevelopment process represents a potential resource for increasing the housing supply when the number of housing units built exceeds the number of housing units lost through demolition, or residential redevelopment occurs on currently non-residential parcels. As vacant land becomes less available for development, land values will increase, and the economic incentive for redevelopment will be enhanced. The net increase in housing supply that will result from redevelopment is difficult to predict because it involves several possibilities that cannot be accurately quantified. First, underutilized land could be redeveloped to its maximum potential. Second, increases could come through redevelopment at higher than allowed densities, following rezoning of existing parcels. Third, redevelopment of non-residential parcels could increase the housing supply through mixed land use or changed land use.

In the previous section on existing vacant land it was stated that the land use element of the general plan would allow for a maximum population of 92,400, when the existing population was about 78,000. This indicates "underutilization" because the land, on the basis of adopted city policies, could accommodate more population than it actually held. In other words, parcels that could have accommodated two housing units may only have had one unit built. The specific number of housing units that could actually be built on underutilized parcels would be difficult to determine. It would require a parcel-by-parcel evaluation, which is a more extensive effort than current resources allow. However, a simple evaluation is that developed residential land was only supporting 84% of its maximum allowable population in 1973. The average household size at the time was 2.6 persons per household. With a maximum allowable population of 92,400 the land should have been able to accommodate about 35,500 housing units. The estimated housing supply in 1973 was 31,400 units. This would indicate a potential shortfall of 4,100 units. Obviously, property owners could not be forced to build to their maximum potential. There are probably physical and economic reasons why such underutilization would occur. However, the economics of land development and building technology has changed since 1973. In the long-term future, some of the increase in San Mateo's housing supply will come from this resource.

At the present time, the City is studying code amendments which would increase densities on larger multi-family zoned (R3, R4 and R5) parcels. This also will have the potential of increasing San Mateo's housing supply.

Rezoning of existing land at higher densities will also contribute to an increase in the housing development potential. San Mateo's Downtown Specific Plan offers the greatest potential for use of this technique. Much of the land in that area is already zoned at relatively high residential densities (R2 and R3). The Downtown Plan is based on the premise of more intense use of the land for commercial, office, and residential uses, in an attempt to revitalize the area. The proposed Downtown Redevelopment Plan would enhance this effort by providing improvement to the existing infrastructure to make intense development practical. Rezoning of parcels to higher density residential use (R3, R4, and R5) is a prominent part of the Downtown Plan. It is estimated that rezoning, if approved, would provide potential for a net increase of approximately 1,033 housing units. There is some potential to provide additional low- and moderate-income housing in this area, if additional incentives such as land writedowns, non-profit housing corporations, and housing subsidy programs can be leveraged with the increased density.

Mixed-use developments are a third form of redevelopment that can be used to increase the supply of housing. Commercial/residential developments have been successfully built in many communities. The city presently has 72-units of senior citizen housing, which was built using air rights over a parking lot at 25th and Flores Streets. Such use has to be carefully evaluated for compatibility and impact on the surrounding area. But as San Mateo progresses with its commercial and office development, residential use should also be considered.

C. Senior Citizen District Zoning Ordinance

Another technique that is being used in San Mateo is the Senior Citizen District overlay concept that was adopted in 1978. The SC zoning classification allows a developer to increase the number of units and bedroom density of development and reduce the parking requirement in Commercial, Executive, and High Density Residential Zones, provided the housing is built to accommodate senior citizens. Special provisions for the persons allowed to occupy units built under this classification, including compatibility of the structure with surrounding uses, the amenities offered to seniors in the area, transportation access, and provisions for security and aid to the disabled must be complied with. The potential housing increase that can come from this technique cannot be accurately projected because of the many possible circumstances under which it can be used. The city has approved two project proposals under this zoning classification, producing a total of 148 units. The SC classification offers an opportunity for the private market to maximize the use of property for a specialized housing need in San Mateo. In combination with State or federal subsidy programs or other local incentives it offers potential to increase the low- and moderate-income housing supply.

D. Landbanking

Landbanking is a land resource technique oriented more to increasing the supply of low- and moderate-income housing than it is to increasing the overall supply of housing. It is basically a program of land acquisitions by a public entity which are held for later sale or lease to developers at below market prices with the expressed purpose of developing low- and moderate-income housing. "Land" in this instance, can mean more than vacant residential parcels. It could also include developed parcels with housing already on it, or non-residential parcels which could be later exchanged for more desirable residential property. The landbanking concept is based on the idea that buying land at current prices and "banking" it until a feasible development can be organized will save land acquisition costs in the long-term and contribute to more affordable housing being developed.

There are a number of funding sources for creating a landbanking fund, including the Community Development Block Grant Program. The sum of $500,000 has already been set aside for this purpose and has a site inventory which includes a 2.9 acre site at Pacific Blvd. and Laurie Meadows Dr. An important future source will be the housing fund created by tax increment revenues from the city's approved redevelopment areas. The city could evaluate its current land holdings and determine if any are in a "surplus" category. If any are found, it might be possible to sell or exchange those properties for residential parcels elsewhere in the city.

San Mateo has been actively seeking parcels for acquisition and use in low- and moderate-income housing projects. A number of possibilities have been considered. the CDBG program identified sites at various locations in the city for potential acquisition. So far, none have been acquired. HUD has refused to approve several proposals for locational reasons. Surplus school property is also being considered. At this time one elementary school, the Knolls Elementary School, is scheduled for sale or lease for residential use. In addition, a project is being processed on the former Lakeshore School site. This project proposes a total of 453 units, including 175 senior citizen units and 99 rental units. Other elementary school sites such as the Beresford school playground, may ultimately be developed as housing sites.

The San Mateo Union High School District has a couple of sites scheduled to be removed from use, but none of them are within the San Mateo city limits. A portion of the Chope Hospital site was considered as a potential site for family housing. The County was approached and a feasibility study done to determine if the County should release the property for such use. The conclusion of the county was to maintain the current use, at least for the foreseeable future.

E. Conclusion

Seven land resources and techniques have been mentioned as ways of providing adequate land for future growth of the housing supply. If only vacant residential land were to be considered the amount by which the existing housing stock could be increased would probably not exceed 1,000 units. The maximum housing supply would then be about 35,425 units. If other resources, such as underutilized parcels, redevelopment and rezoning at higher densities, and the SC District Ordinance are considered potential gains could be as high

as 4,000 to 5,000 additional units. Total development of all these resources would be a long-term process, probably in the order of 20 years. The total housing supply at that time could be in the order of 38,000 housing units.

Land set aside for low- and moderate-income housing will come primarily from some rezoning (i.e., the Gateway Planning District), properties developed under the SC District ordinance, and various aspects of landbanking. The number of low- and moderate-income units that could be built through these resources cannot be predicted because the size of the landbank, the number of proposals under the SC District ordinance, or the number of developers who will build affordable housing because of a particular rezoning is really dependent on the amount of money that is available to support subsidy programs, the land acquisition fund, interest rates, and construction/ development costs. While an estimate of low- and moderate-income housing has not been made in this chapter, at least th means for pursuing land for affordable housing have been identified for use at whatever resource level is available.

CHAPTER IV

CONSTRAINTS AND RESOURCES FOR RESIDENTIAL DEVELOPMENT

This chapter will discuss the constraints and resources provided by governmental and non-governmental factors in the residential sector. Governmental constraints include the regulatory functions which are basic to the governmental role. There has been much discussion as to the extent to which over-regulation may be occurring to the point where the costs to the housing market exceed the returns in health, safety, and general welfare of the public at large. Non-governmental constraints include the basic market factors that determine the amount and cost of housing that is built in any area. The primary factors are the costs of land, construction, and financing.

A. Governmental Constraints and Resources

The points at which the City of San Mateo becomes involved in the housing development process include the zoning code, subdivision regulations, building codes, improvement fees, permit processing procedures, and the condominium conversion ordinance. these forms of regulation are considered necessary to protect the health, safety, and general welfare of all citizens of San Mateo. To a certain extent, all forms of regulation are a constraint on the ability of the private market to produce housing. But the consequences of no regulation at all would lead to chaos and general deterioration of the living environment. Communities regulate residential development for the purpose of achieving certain standards of quality in neighborhoods, ensuring compatibility of uses, the use of basic principles of building technology that provide safe shelter, concern for environmental impacts, and other related factors. Each of the regulatory instruments of the city have been reviewed for the extent to which excess in regulation may be occurring and points where the regulatory role is being used to encourage housing development.

San Mateo's zoning code regulates the use of land and structures, the density of development and population, the bulk of structures, parking provisions, open space requirements, and standards for landscaping, signs, and other design requirements. The supply of residential land is controlled by this code because it designates the areas in which residential development can take place and the density in which buildings can be built. This code does not appear excessive in its requirements. As noted in Chapter III, the market has probably built at densities lower than the code allows, given the extent of underutilization that has occurred. The City recently rescinded population density standards which were used in combination with lot area per unit zoning standards. This action had the effect of encouraging a wider variety of unit types rather than primarily one and two bedroom units. The addition of the SC District ordinance in 1978 is seen as a positive move in regulation because it allows greater flexibility in zoning regulations (specifically, parking and density requirements) to encourage development of housing for an important segment of the city's population. In addition, a number of Zoning Code Amendments are being prepared which potentially could increase densities in all multiple family dwelling zoning districts (R3, R4 and R5). Reductions in parking requirements (both in the numbers of spaces as well as dimensions) are also being studied.

The subdivision regulations affect the manner in which parcels can be divided into individual lots for development. Because there is so little land left to subdivide in San Mateo, this regulation has an insignificant impact on future increases in the housing supply.

The city has adopted the Uniform Building Code, which is common in many cities. There is little distinction between San Mateo's code standards and those faced by builders in other communities. The building code is not seen as excessive.

The Developers Contribution Policy was adopted in 1979, in response to the statewide approval of Proposition 13. It requires a builder to pay for all infrastructure and public improvements directly associated with the proposed development and a proportionate share of all citywide programs that would be affected by the development (e.g., sewage treatment facilities) since funds for these costs can no longer be raised from the property tax. This policy is seen by developers as a major contributor to the increased difficulty and cost of building housing in San Mateo. The city feels it has no alternative to the Policy, other than to accept a gradual deterioration of public improvements and support systems.

The development application process and environmental review required to gain a building permit can significantly affect the cost of a project. There are three levels at which review and approval of a project can take place. The first level is the Board of Zoning Adjustments (BOARD), which is composed of city staff. The BOARD does the detailed, technical review of every project and is empowered to approve certain types of applications and actually decides about 75% of the case. The Planning Commission reviews most applications but generally has to make formal decisions over 25% of the cases. The City Council, which is the final body for appeal, reviews and decides over the most complicated cases. It normally has to make formal decisions over 10% of the applications. In general, the length of the review process in San Mateo is considered reasonable. City staff cites one reason for some delay is inadequately completed permit applications from the developers. A Development Handbook has been prepared outlining the City's development review process. A list of "standard conditions" normally imposed on new developments is also included, thereby letting the developer know all City requirements early on in the process. In addition, a Zoning Code amendment expanding the Zoning Administration's ability to make decisions of smaller projects will decrease the length of San Mateo's development review process.

The Condominium Conversion Ordinance regulates the manner in which such conversions are allowed to occur. It can be seen as costly in terms of physical improvements required before the conversion is approved. However, the level of conversion activity that has occurred in San Mateo would indicate that the ordinance has not provided a significant obstacle to those property owners who choose to convert although changes have been made in the City's ordinance requiring lifetime leases for senior citizen's and the handicapped, and increasing tenant relocation benefits.

B. Non-Governmental Constraints

The costs of land, construction, and financing are the primary determinants of ultimate housing cost to the consumer, either in the form or sales price or rent. The remainder of this chapter will discuss the relative impact of each factor on the cost of a hypothetical 10-unit development on a high-density zoned vacant parcel.

Land cost is perhaps the most significant cost factor in housing development in San Mateo. High density residential land is currently selling between $20,000 and $40,000 per housing unit — in the hypothetical example, a land cost of $200,000 to $400,000. With other cost factors held constant, the difference in land costs result in per square foot costs of $83.50 to $102.90. At the time of sale, the price of each unit would average between $109,000 and $134,000.

Construction costs also play a significant role in the overall price of new housing. The current per square foot construction cost for garden apartments is between $65.00 and $75.00. When other cost factors are held constant in the hypothetical example, the total per square foot cost per unit is between $83.50 and $95.15. The resulting average unit cost is between $109,000 and $124,000.

Financing costs, the construction loan charged to the developer during a typical construction period of six months, represents a relatively small share of total unit costs. Recent average interest rates charged on a construction loan have varied between 13.25% to 16.5%. In the hypothetical example, the range of financing costs was between $3.23 and $3.94 per square foot. When other cost factors are held constant the variation in financing cost caused very little difference in total per square foot costs of the units. The average price would be about $109,000 to $110,000 per unit. Although financing costs have little direct bearing on development costs it should it should be noted that high interest rates have an overall impact on the costs of goods and services. This means, for example, that individual components of the construction cost have the prevailing interest rates as a part of their inherent costs. A general lowering of financing charges would provide some relief in the rising cost of shelter.

The hypothetical example showed how the major components of development cost affect the ultimate cost paid by the housing consumer. The land cost appears to be the most significant fluctuating factor, even though construction costs make up the largest single cost component. Financing costs do not appear to have a directly significant effect on the sales price of the unit — although the financing costs do make a tremendous difference in monthly cost of the home mortgage that must be taken out by the buyer. These costs are at such a level that the average multi-family unit (garden apartment variety) built in San Mateo at today's costs will have to be sold at a price between $109,000 and $134,000. Without substantial subsidies the private market cannot build affordable housing for low- and moderate-income households.

CHAPTER V

GOALS AND POLICIES

The following goals and policies represent a reorganization and refinement of goals and policies that were adopted in the Housing and Land Use element of 1975, plus additional goals and policies that respond to needs identified in the housing need assessment portion of this housing element.

HOUSING GOAL #1

ESTABLISH A VARIETY OF HOUSING SUFFICIENT TO SERVE ALL PERSONS OF THE CITY WITH HOMES MEETING OR EXCEEDING MINIMUM STANDARDS.

RELEVANT POLICIES

1A. Establish guidelines for the development of each area of the City and in the sphere of influence which indicate to the developer and the property owner what the ultimate development of the area is expected to be.

1B. Permit multi-family residential development adjacent to thoroughfares, where adequate traffic capacity, sewer and storm drain systems, and proper buffering may be controlled and maintained.

1C. Encourage and assist in the provision of medium cost housing by every method that will provide for good development, maintain adequate standards, and be compatible with existing development.

1D. Permit greater intensity of land use for housing and employment at locations which are accessible to railroad or rapid transit stations and bus routes.

1E. Limit development and redevelopment to the areas that can be served by adequate streets, storm drainage, sanitary sewers, parks and recreation and other public facilities.

1F. Promote the development of housing for the elderly by:

a. Establishing a separate set of criteria to be applied to senior citizen housing projects;

b. Processing such project through zoning and special use permit processes;

c. Evaluating each project on a case-by-case basis with regard to special development standards.

1G. Evaluate the development review process to remove unneeded obstacles and delays.

HOUSING GOAL #2

MAINTAIN THE SUBURBAN ATMOSPHERE OF THE COMMUNITY WHILE ALLOWING DEVELOPMENT OF A VARIETY OF HOUSING TYPES IN APPROPRIATE LOCATIONS.

RELEVANT POLICIES

2A. Protect established single-family and multi-family residential areas by assuring that adequate buffers are developed and maintained between them and other types of development and discourage uses that would lead to deterioration, reduction of values, or destruction of the residential atmosphere.

HOUSING GOAL #3

EXPAND HOUSING OPPORTUNITIES FOR LOW- AND MODERATE-INCOME PEOPLE

RELEVANT POLICIES

3A. Establish a "landbank" of parcels in the city with the express purpose of using the land and/or improvements to expand the supply of housing affordable to low- and moderate-income households.

3B. Seek and assist private developers who will build or rehabilitate low- and moderate-income housing in the city.

3C. Low- and moderate-income housing should be distributed in such a way that areas which already contain a concentration of such housing are not overimpacted.

3D. Establish and maintain a housing fund which can be used in ways to expand the supply of low- and moderate-income housing, which include but are not limited to land purchase, and predevelopment assistance for low- and moderate-income housing development.

3E. Maintain San Mateo's commitment to participate in the County Housing Authority's fair share allocation of rental housing assistance subsidies.

3F. Grant priority processing of applications and building inspections to those developers proposing to build or rehabilitate low- and moderate-income housing.

HOUSING GOAL #4

IMPROVE AREAS WHERE DETERIORATION HAS BEGUN AND PREVENT THE EMERGENCE OF BLIGHTED AREAS.

RELEVANT POLICIES

4A. Actively promote rehabilitation of deteriorating areas by:

a. Encouraging the establishment of neighborhood organizations devoted to improvement.

b. Revising regulations to encourage good development and prevent overcrowding.

c. Exploring and using all means possible, both public and private, to obtain funds for improvement and rehabilitation.

4B. Capital improvements and needed public services should be committed, where appropriate, to support and encourage housing conservation/ rehabilitation efforts.

HOUSING GOAL #5

ASSURE EQUAL HOUSING CHOICE FOR ALL HOUSEHOLDS IN THE CITY, REGARDLESS OF RACE, RELIGION, SEX, ETHNIC BACKGROUND, AGE, PHYSICAL DISABILITY, HOUSEHOLD COMPOSITION, OR FAMILIES WITH CHILDREN.

RELEVANT POLICIES

5A. Provide counseling to participants of city-run housing assistance programs as to their civil rights when dealing with contractors, lenders, landlords, and/or agents (County provided service).

5B. Maintain support for programs that monitor the occurrence of housing discrimination in the city (countywide program).

5C. Support responsible efforts by citizens to increase their participation in housing planning and implementation.

5D. Support State and federal legislation to end "redlining" of low-income, minority, and integrated neighborhoods, and to increase the flow of public and private investment into these areas.

5E. Encourage the use of affirmative marketing and sales programs in residential development efforts.

HOUSING GOAL #6

ENCOURAGE ENERGY CONSERVING PRACTICES IN THE OPERATION OF EXISTING DWELLINGS AND IN NEW RESIDENTIAL DEVELOPMENT.

RELEVANT POLICIES

6A. Continue to implement energy conservation measures through state and local policies.

6B. Disseminate relevant information on housing conservation to housing consumers and support efforts by public utilities to encourage home energy conservation practices.

CHAPTER VI

QUANTIFIED OBJECTIVES

There are four categories of quantified objectives for a housing element which correspond to the requirements of AB 2853. They are: 1) net increase in total housing supply; 2) newly constructed low- and moderate-income housing; 3) rehabilitation and conservation; and 4) rental housing assistance. Objectives 2, 3, and 4 are subsets of, not in addition to, objective 1. The quantified objectives for San Mateo, for the period 1980-1990, are summarized in Table VI-1.

A. Net Increase in Housing Supply

As required by AB 2853 the total housing supply required to fill anticipated demand by all economic segments of the community in 1990 is based on the Housing Needs Determinations, San Francisco Bay Region (December 1983) as published by ABAG. It is estimated that there were 34,268 housing units in San Mateo in 1980. If the city is to accommodate all of the expected demand, it will need a net increase in supply of 3,107 housing units between 1980 and 1990.

The City of San Mateo will be able to accommodate the expected increase in housing demand by 1990. Although San Mateo is a community where the supply of vacant residential land is very small and theoretical "build-out" is expected to occur during the 1980-90 period. An objective of 3,107 units net increase in total housing supply is established for the period 1980-1990 which meets ABAG's Housing Needs Determinations. This is based on the assumption of 50% development of vacant residential land (1,000 units) plus approximately 50% of the potential increase in supply (5,100 units) that can result from full utilization of developed parcels, private redevelopment, rezoning, and other land resource techniques used by the city. The objective represents 100% of the identified housing need for the 1980-1990 period.

However AB 2853 recognizes that a community may not be able to fill the identified need because of a lack of land or other resources, and only expects that a realistic portion of the total need be used as the quantified objectives in the housing element.

TABLE VI-1 CITY OF SAN MATEO

QUANTIFIED HOUSING OBJECTIVES: 1980–1990

Category	Estimated Need	Existing Supply	Objective 1980–90	TOTAL
Net Increase in Total Housing Supply	3,107	34,268	3,107	37,375
Low/Moderate Income Housing Units				
Newly Constructed Units			400	
Housing Units Rehabilitated			500	
Housing Units Conserved			250	
Rental Housing Assistance			256[b]	
Total Low/Mod. Income Housing Units	1,740[a]		1,406	

[a] The need figure is based on ABAG's Housing Needs Determination. Any combination of newly constructed, rehabilitation and rental assistance can be used to fill this need.

[b] The objective for rental housing will be based on San Mateo's current arrangement with the County Housing Authority, which is a 14% share of the countywide allocation of available subsidies to households.

B. Newly Constructed Low-and Moderate-Income Housing

San Mateo has not been able to meet its previous objectives in terms of newly constructed housing that is affordable to low- and moderate-income households. The city's Housing Assistance Plan for 1979–1982 indicted a goal of 360 units to be built. One 72-unit housing project for senior citizens has been constructed and 130 units authorized through the use of AB 655 tax exempt bonds. For the 1980–90 period, the existing rate of 40 units/year average will be continued. The availability of subsidy programs appears increasingly scarce at this time. But locally derived sources (such as tax increment funds) may become available and new State or federal incentives such as the AB 655 bond program might be developed in the next few years. The objective of creating much needed housing should not be eliminated because of the difficulties in implementing earlier programs.

C. Rehabilitation and Conservation

San Mateo has had some success in implementing its housing rehabilitation and conservation programs in the last few years. In its last Grantee Performance Report, the city has indicated a total of 171 low-income homeowners assisted through its housing rehabilitation loan program and 100 households assisted under its minor home repair program. The 1979 Housing Assistance Plan indicated a need to rehabilitate 1,689 housing units, which is substantially above current achievements so there is still a strong need for the rehabilitation program. The objective for units rehabilitated 500 is based on an average of 50 units per year, which is the projected objective of the rehabilitation program given revenue and personnel constraints. The minor home repair program is oriented more toward neighborhood conservation efforts in that it helps to maintain houses before they reach a point of substantial

disrepair. That program's present goal will average 30 units per year. This will yield assistance to 671 homes under the rehabilitation program and 350 homes in the home repair program. If substantial increases in available funding should materialize the objectives can be changed.

D. Rental Housing Assistance

The level of future assistance in the form of Section 8 housing subsidies is dependent on the amount of money that will be made available on a nationwide scale by the federal government. That level has not been projected for a period beyond 1982. San Mateo currently receives 14% of the Section 8 allocation from the Housing Authority of San Mateo County. Its authorized level of activity is 304 leases. There are currently 256 units allocated to the City San Mateo with 175 certificates presently in use. It is proposed that the city retain its current 14% fair share allocation of available subsidies made available to the County Housing Authority in the future. It should be noted that the Section 8 program can cover both existing units and newly constructed units.

CHAPTER VII

TEN-YEAR IMPLEMENTATION PROGRAM

This chapter sets forth a ten-year program of actions that San Mateo is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing element through the administration of land use and development controls, provision of regulatory incentives, and the utilization of appropriate federal and state financing and subsidy programs when available. In order to make adequate provision for the housing needs of all economic segments of the community, the program is organized in six categories, which include the following:

(1) Identify adequate sites which will be made available through appropriate zoning and development standards and with public services and facilities needed to facilitate and encourage the development of a variety of types of housing for all income levels, including rental housing, factory-built housing and mobile homes, in order to meet San Mateo's housing goals and objectives.

(2) Assist in the development of adequate housing to meet the needs of low- and moderate-income households.

(3) Address and, where appropriate and legally possible, remove constraints to the maintenance, improvement, and development of housing.

(4) Conserve and improve the condition of the existing affordable housing stock.

(5) Promote housing opportunities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, or color.

(6) Encourage energy conservation with respect to residential development and coordinate with total city efforts in this area.

Each component of the program identifies the agencies and officials responsible for the implementation of the various actions.

A. Actions to Identify Adequate Sites

1. Land Acquisition Program (Landbanking)

The City of San Mateo shall initiate a land acquisition program for the purpose of securing parcels of land that will be set aside for the development or rehabilitation housing which is affordable to low- and moderate-income households. This program could be initially funded by two sources: the Community Development Block Grant program and the housing fund that would be created by tax increments resulting from approval of the three redevelopment plans proposed for the city. The sum of $500,000 has been allocated from the

Community Development Program for this purpose. It is intended that significant amounts of money from CDBG be set aside for at least a period of three years. At the present time, the City's land barking inventory includes an 2.3 acre site at Laurie Meadows and Pacific Boulevard

Responsible Agencies and Officials:

City of San Mateo Housing & Economic Development Division

2. Downtown Specific Plan - Zoning Changes

The proposed Downtown Specific Plan includes changes in current zoning that will result in potential for a net increase of about 1,033 housing units in the Downtown Area. If successfully implemented this program will provide a significant increase in the "supply" of adequate sites for residential development, in a community where vacant land for residential use is almost gone. A decision on the proposed plan is scheduled for late spring 1985. It is assumed that the proposed changes in zoning will be put into effect at the same time the proposed plan is approved.

Responsible Agencies and Officials:

City of San Mateo Planning Division

3. Downtown Redevelopment Plan - Capital Improvements

One of the obstacles to private redevelopment of the Downtown Area is the inadequacy of existing infrastructure, including sewers, streets and sidewalks, utilities, and transportation systems. One of the major objectives of the redevelopment plan is to provide capital improvements that will assist in the revitalization of the Downtown Area. The method of financing the capital improvement is the use of tax increment funds that will accrue from the net increase in property values after the redevelopment process is approved. Those funds can be used to repay tax-exempt revenue bonds, issued to fund the improvements. All of these arrangements are subject to California Community Redevelopment Law.

Responsible Agencies and Officials:

City of San Mateo Planning Division
City of San Mateo City Manager's Office
City of San Mateo Housing and Economic Development Division
City of San Mateo Public Works Department

4. Zoning Ordinance - Senior Citizen District

The SC District is an existing program defined in the Zoning Code which provides an incentive to create adequate sites by granting more flexibility to the city in allowing developers to build housing suited to the needs of senior citizens. It allows for the development of such housing on residential and nonresidential parcels, with increased bedroom densities, number of units, reduced parking requirements and a general relaxation of development standards. This part of the Zoning Ordinance was added in 1978. Application

of this concept, in tandem with private redevelopment, land acquisition programs, and available State and federal housing assistance will provide additional incentive to private developers building more affordable housing in San Mateo. The St. James Condominiums (PA80-62), 56 units, and a portion of Anden's Edgewater Isle (PA84-20), 92 units have been approved under senior citizen standards.

Responsible Agencies and Officials:

City of San Mateo Planning Division

5. Identification of Potential "Air Rights" Development Sites

The City of San Mateo shall identify sites, such as open, off-street parking lots, which potentially could be developed for housing through utilization of air rights.

The City would contact the owners of these sites and determine their interest in such a development. This list of potential sites would then be brought forward for review by the Planning Commission. Reclassification of these properties could be processed and a list of available sites subsequently be made available to interested developers.

Responsible Agency:

City of San Mateo Planning Division
City of San Mateo Housing and Economic Development Division

B. Actions to Assist in the Development of Low- and Moderate-Income Housing

1. Citywide Housing Fund

The City shall establish a Citywide Housing Fund whose purpose would be to provide financial support to various housing programs to increase the supply of housing affordable to low- and moderate-income households. This Fund could be built up from a number of sources, such as tax increment revenues, in-lieu fees from developers, profits from equity sharing programs, land sales, and other sources that become available in the future. These monies could be used to replenish the fund for land acquisition, home purchase assistance programs, and other activities that would increase the supply of low-and moderate-income housing.

Responsible Agencies and Officials:

City of San Mateo Housing and Economic Development Division

2. Provide Sites for Low- and Moderate-Income Housing

Parcels acquired under the Land Acquisition Program (see A.1. above) shall be made available to profit-motivated or non-profit housing sponsors for the purpose of developing or rehabilitating housing that is affordable to low- and moderate-income households. Parcels can be sold at fair market value, below market value, or held on a long-term lease basis, depending on the nature and motivation of the sponsor and the mix of income groups that will be served. Specific terms under which sponsors can participate need to be developed.

Responsible Agencies and Officials:

City of San Mateo Housing and Economic Development Division

3. Obtain Commitments for State and Federal Assistance

City efforts to promote assisted housing have increased during the six years of its Housing Action Program. One 72-unit senior citizen complex has been approved by HUD under the Section 8 Housing Assistance Program (New Construction), and has been constructed and occupied.

The Housing Assistance Plan 1979-1982 goal for construction of assisted housing was 360 units. That goal has not yet been achieved. Current indications are that new allocations of federal subsidies under the Section 8 program will not be forthcoming. The City shall continue to pursue, in cooperation with potential project sponsors, commitments for assistance that are eventually made available from the County, State, or Federal governments for which it qualifies. The City shall also review and consider pursuit of any new forms of housing assistance that are created by the present federal administration and session of Congress.

Further, HUD has placed great emphasis on the development of housing for low- and moderate-income families. The city shall pursue, through HUD, ABAG, and its Congressional representatives greater flexibility in the use of the subsidy programs.

Responsible Agencies and Officials:

City of San Mateo Housing and Economic Development Division

4. Rental Housing Assistance

The City of San Mateo currently has a contract with the San Mateo County Housing Authority for the management of Annual Contributions Contracts of the Section 8 Rental Assistance Program (Existing) within the city limits. San Mateo's fair share allocation of countywide subsidies is 14% of the total, a current authorized level of 256 units. In June 1984, there were 175 units actually leased under the program. The city shall maintain its current arrangement and fair share allocation with the County Housing Authority.

Responsible Agencies and Officials:

City of San Mateo Housing and Economic Development Division
San Mateo County Housing Authority

5. Home Sharing Program

Some individuals or households may live in a situation where, through long-term ownership, they have a home that is larger than they need. This may especially be true for widowed senior citizens. They may be in the position where they cannot afford to move to smaller quarters because of today's housing prices. Some individuals might desire the companionship, security, and financial supplement that another resident in the home could bring. The task of finding people with the right combination of needs and assets can be very frightening and complicated. This need can be filled with a home sharing program where individuals with space and individuals with a need or desire to fill such space can be properly screened and matched. The city can support this concept by contracting with a private organization to provide such service to the residents of San Mateo. This should continue to be a long-term program, funded through the city's general fund or the CDBG program. As of January 1984, a total of 227 City of San Mateo residents have been accommodated through this program.

Responsible Agencies and Officials:

City of San Mateo Housing and Economic Development Division
Human Investment Project Inc.

6. Senior and First Time Homeowner Exchange Program

Senior citizens residing in single family homes would have priority in moving to newly constructed senior residences. In exchange, the seniors would make their home available for sale to first time homeowners. The senior would agree to carry a portion of the loan which would be applied to rents at the senior development.

Responsible Agency:
City of San Mateo Housing and Economic Development Division

7. Bond Financing Program

Developers agreeing to reserve a percentage of all units for affordable housing for a designated period of time would be eligible to receive tax-exempt bond proceeds at 2 - 3 percentage points below the market rate. Such developments would include newly constructed rentals, and for sale units as well as existing rental properties involving substantial rehabilitation.

For the first time, the City will be sponsoring two AB 655 tax-exempt bond issues for rental housing. The agreements between the City and the developer represents a major step in realizing affordable housing goals through the use of public-private partnerships. The first issue for $4,500,000 will be used to finance a 92 unit one bedroom senior citizen rental development (PA84-20 Edgewater Isle) - to be located in the San Mateo City Shoreline Redevelopment Area. In exchange for the use of tax-exempt bonds and a short term loan of approximately $500,000, the development will rent 28% of the total units to very low income persons and the remaining 72% to lower income persons for twenty (20) years. The second issue will be used to finance the development of 192 family rental units (PA84-10 Creekside). In exchange for the use of

tax-exempt funds, the developer will rent 10% of the units to very low income persons and 10% to lower income persons for ten (10) years. The units will include a proportional amount of one and two bedroom units. Together, both issues will create 130 new low income rental units in San Mateo.

Responsible Agency:
City of San Mateo Housing and Economic Development Division

8. Public Improvement Financing Program

Finally, the City would assist developers in financing required public improvements in the form of loans or grants in exchange for substantially increasing the number of affordable units required in any of the forementioned programs. Tax increment revenues represents one potential source of funding for this program.

Responsible Agency:
City of San Mateo Housing and Economic Development Division

C. Actions to Address, and Where Appropriate, Remove Governmental Constraints

1. Priority Processing - Affordable Housing Projects

Time is a very important factor in the cost of a housing project. It is especially important to the economic feasibility of low- and moderate-income housing. There are limitations on the number of projects the city staff can review at one time so applications are reviewed in chronological order. Because of the importance of low- and moderate-income housing, the city will give such projects priority in application processing. This priority will extend to building inspections carried out during various phases of the construction process. This priority program will be reviewed by the city attorney to ensure the legality of such a program.

Responsible Agencies and Officials:

City of San Mateo Community Development Department
City of San Mateo City Attorney

2. Developer's Guidebook and/or Seminars

City staff has produced a Developer's Guidebook to assist potential applicants prepare accurate and complete applications. Time and confusion can be saved when clear instructions are given as to what is required in the development application and how and when the information needed to be provided. An additional consideration in this program will be regularly scheduled seminars with local or interested builders and property owners. The main purpose of these seminars would be to provide useful information to potential applicants, but a secondary purpose would be to gather feedback from developers on ways the application process could be improved. Initially, the seminars would be held on an annual basis. Seminars have been held with the Building Industry Association (West Bay Division) and the San Mateo-Burlingame Board of Realtors.

Responsible Agencies and Officials:

City of San Mateo Planning Division

3. Local Mobile Home Zoning Ordinance

Recently enacted State Law (AB 1960) requires that cities ensure the ability of factory-built home to be located within city boundaries, or that special areas of the city be set aside where such housing can be located. The application of reasonable standards for compatibility of such structures with surrounding properties is allowed. Factory-built homes on permanent foundations that meet building code standards are currently allowed in single-family detached residential zoning in the city.

Mobilehomes have suffered from a negative image concerning their inherent quality and the mobilehome parks in which they were located. Many communities have banned their location within city boundaries because of the fear of degrading influences that mobilehomes might bring. The mobilehome, or factory-built home, has changed quite significantly in recent years. In California, regulation has been shifted from the Department of Motor Vehicle to the Department of Housing and Community Development. National standards for quality have been established. It is now often difficult to tell the difference between a manufactured home and the standard single-family dwelling that is built on-site. The manufactured home is now being seen as a way of providing quality homes at moderate prices.

In June 1981, the City of San Mateo adopted an ordinance that set reasonable standards for the provision of factory-built housing on single-family zoned parcels in the city. Since that time, one dwelling unit has been built under the provisions of this title.

Responsible Agencies and Officials:

City of San Mateo Planning Division

4. Secondary Unit Ordinance

In response to the State's mandated Secondary Unit law (AB1534), the City of San Mateo has developed its Secondary Unit Ordinance.

The Ordinance requires that certain standards be met in terms of parking, maximum size and other Zoning Code requirements. However, at the same time, it allows for the development of additional dwelling units that would not otherwise be possible. In addition, the City is in the process of developing standards to be used in evaluating illegally established secondary units. A total of 7 secondary units have been approved.

Responsible Agency:

City of San Mateo Planning Division

5. Multiple Family Dwelling Zoning Regulations

At the present time, the City of San Mateo is studying the Zoning regulations for all multiple family zoning districts (R3, R4 and R5). Density increases on larger parcels and parking reductions are two potential areas in which amendments to present regulations may occur.

Responsible Agency;

City of San Mateo Planning Division

6. Reduction of Parking Regulations

The number of parking spaces provided in response to City requirements adds to the cost of housing. The City of San Mateo will be examining parking requirements for residential projects both in terms of the number required and dimension, allowing a more efficient and cost effective use of the land.

Responsible Agency;

City of San Mateo Planning Division

7. Repeal of Population Density Standards

The City of San Mateo recently rescinded the population density standard which was formally imposed on residential projects. This was an additional density standard used in combination with lot area per unit zoning standards.

Utilizing the population density standards contained in the General Plan, each residential site's maximum population was calculated. Assuming a figure of 1.25 persons per bedroom, the maximum number of bedrooms on the site was then determined.

This restriction encouraged the development of one and two bedroom units as opposed to units containing three bedrooms and more. By eliminating this restriction, a wider variety of housing types can be encouraged.

Responsible Agency;

City of San Mateo Planning Division

8. Proposed R6 Zone

The City of San Mateo will be developing "R6" Zoning Standards, allowing for higher density residential projects than presently permitted. The issues of minimum lot size, maximum and minimum number of units, and parking requirements will be examined in the formulation of these standards.

Responsible Agency;

City of San Mateo Planning Division

9. Density Bonus for Provision of Low- to Moderate-Income Housing

In response to state mandated law (AB2099), the City of San Mateo has implemented a 25% density known to be given to a project providing 25% of its units for low- to moderate-income residents, or 10t of its units for lower income residents.

Responsible Agencies:
City of San Mateo Planning Division
City of San Mateo Housing and Economic Development Division

D. Actions to Conserve and Improve the Condition of Low- and Moderate-Income Housing Stock

1. Expanded Housing Rehabilitation Loan Program

The city established a Housing Rehabilitation Loan Program in 1975. To date, over $1.8 million in deferred payment and low-interest rate loans have been made to low- and moderate-income households for major repairs to single-family dwellings in designated areas of the city. This program has provided assistance to 171 households. Funding for the program comes from the CDBG program and Marks/Foran financing. The expanded version of the program would extend loan eligibility citywide and to projects with up to four units per structure. The objective of this program is to provide an additional 500 loans by 1990 for a total of 671 households assisted over the life of the program.

Responsible Agencies and Officials:

City of San Mateo Housing and Economic Development Division

2. Minor Home Repair Program

In 1979, the city established the Minor Home Repair Program by funding a program proposal from the North Peninsula Neighborhood Services Center, Inc. This program has provided assistance to low- and moderate-income homeowners in minor home repairs and painting through grants for materials and CETA labor. This program shall be maintained at its present rate of activity, commensurate with the availability of CDBG funds. The objective of this program is to provide assistance to 250 households between 1980 and 1990, for a total of 350 households assisted over the life of the program.

Responsible Agencies and Officials:

City of San Mateo Housing and Economic Development Division
North Peninsula Neighborhood Services Center, Inc.

3. California Housing Finance Agency (CHFA) Multi-Family Program

Notable is the City's participation in the California Housing Finance Agency's Multi-family Program whereby the City receives $500,000 in state funds which are loaned by The Bank of America to property owners at below market rates. Property owners agree to rent 20% of the total units to lower income persons for the life of the loan. Presently, staff is working with a number of property owners on loans.

Responsible Agencies and Officials:

City of San Mateo Housing and Economic Development Division

4. Jobs Bill Housing Rehabilitation Program

The Jobs Bill is another source of funding for the rehabilitation of multi-family properties. Thirty-one (31) units were rehabilitated with low interest city loans. In return, the owners have agreed to maintain rents at or below HUD Section 8 levels for two (2) years.

Responsible Agencies and Officials:

City of San Mateo Housing and Economic Development Division

5. Rental Rehabilitation Program

This Housing and Urban Development (HUD) program is operated in conjunction with the San Mateo County Public Housing Authority. Loans are targeted for areas where the income levels generally do not exceed 80% of the median income (North Central - Census Tracts 6059-6063 and South Shoreview - Census Tracts 6061, 6077). Priority is given to units in substandard condition that are already occupied by very low income families. In addition, 70% of the units to be rehabilitated are to contain 2 or more bedrooms to insure use of this money to assist families.

Responsible Agencies and Officials:

City of San Mateo Housing and Economic Development Division

E. Actions to Promote Housing Opportunities for All Persons

1. Fair Housing Program

The city has taken two steps to assure a satisfactory fair housing policy in San Mateo. This program will continue, pending the availability of funds to support such involvement.

Trained staff which administers the Housing Rehabilitation Program also counsels loan applicants during initial processing. They provide financial counseling, advice on loans, and recommendations for improvements. The counseling also affords the applicants opportunity to learn some of their

legal rights and obligations of lenders and contractors during the rehabilitation process. The County Housing Authority also provides similar counseling to tenants involved in rental assistance programs.

San Mateo participates in the County's fair housing program, "Operation Sentinel." This program, which is administered by the Stanford Mid-Peninsula Urban Coalition, handles housing discrimination complaints on a regional basis. The program receives about 80 telephone inquiries a month, of which 25 are from residents of the City of San Mateo. Most of the inquiries consist of tenant/landlord questions and discrimination complaints, which result in direct investigations and monitoring by Operation Sentinel. Actual violations of State or federal law can then be prosecuted by private attorneys or the Legal Aid Society.

Responsible Agencies and Officials:

City of San Mateo Housing and Economic Development Division

F. Energy Conservation

1. Title 24 Conformance

Title 24 of the California Administrative Code requires energy conservation measures to be taken in the event of new construction or rehabilitation of dwelling units. These measures deal with glazing, insulation and heating requirements.

The City shall continue to implement the provisions of Title 24 as required by the state.

Responsible Agency:

City of San Mateo Building Division

2. Weatherization Program

Project Help, which is funded by the State of California Office of Economic Opportunity and Pacific Gas and Electric, provides free weatherization items for very low income residents citywide.

Figure

CITY OF SAN MATEO HOUSING ELEMENT

FIVE-YEAR IMPLEMENTATION PROGRAM SUMMARY

A. Actions to Identify Adequate Sites

1. Land Acquisition Program
2. Downtown Specific Plan - Zoning Change
3. Downtown Redevelopment Plan - Capital Improvements
4. Zoning Ordinance - Senior Citizen District
5. Identification of Potential "Air Rights" Development Sites

B. Actions to Assist in the Development of Low- and Moderate-Income Housing

1. Citywide Housing Fund
2. Provide Sites for Low- and Moderate-Income Housing
3. Obtain Commitments for State and Federal Assistance
4. Rental Housing Assistance (Section 8)
5. Home Sharing Program
6. Senior and First Time Homeowner Exchange Program
7. Bond Financing Program
8. Public Improvement Financing Program

C. Actions to Address, and Where Appropriate, Remove Governmental Constraints

1. Priority Processing - Low- and Moderate-Income Housing Projects
2. Developers' Guidebook and/or Seminars
3. Local Mobile Home Zoning Ordinance
4. Secondary Unit Ordinance
5. Revised Multiple Family Dwelling Zoning Regulations
6. Reduction of Parking Regulations.
7. Repeal of Population Density Standards
8. Proposed R6 Zone
9. Density Bonus for Provision of Low to Moderate Income Housing

D. Actions to Conserve and Improve the Condition of Low- and Moderate-Income Housing Stock

1. Expanded Housing Rehabilitation Program
2. Minor Home Repair Program
3. California Housing Finance Agency CHFA Multi-Family Program
4. Jobs Bill Housing Rehabilitation Program
5. Rental Rehabilitation Program

E. Actions to Promote Housing Opportunities for All Persons

1. Fair Housing Program

F. Energy Conservation

1. Title 24 Conformance
2. Weatherization Program

CHAPTER VIII

EFFECTIVENESS AND PROGRESS OF THE HOUSING ELEMENT IN ACHIEVING STATE AND LOCAL GOALS.

This chapter evaluates the Housing Element as required by AB 2583. There are three specific areas which must be evaluated:

1. The appropriateness of the housing goals, objectives, and policies in contributing to the attainment of the state housing goal.

2. The effectiveness of the housing element in attainment of the community's housing goals and objectives.

3. The progress of the city, county, or city and county in implementation of the housing element.

A. Appropriateness of Housing Goals, Objectives and Policies.

The State Legislature, in enacting AB 2583 made the finding that:

(a) The availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every California family is a priority of the highest order.

(b) The early attainment of this goal requires the cooperative participation of government and the private sector in an effort to expand housing opportunities and accommodate the housing needs of Californians of all economic levels.

(c) The provision of housing affordable to low-and moderate-income households requires the cooperation of all levels of government.

(d) Local and state governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community.

(e) The Legislature recognizes that in carrying out this responsibility, each local government also has the responsibility to consider economic, environmental, and fiscal factors and community goals set forth in the general plan and to cooperate with other local governments and the state in addressing regional housing needs.

Chapter V, Goals and Policies, lists six housing goals and twenty three separate policies to achieve these goals. The six goals are as follows:

1. Establish a variety of housing sufficient to serve all persons of the City with homes meeting or exceeding minimum standards.

2. Maintain a suburban atmosphere of the community while allowing development of a variety of housing types in available locations.

3. Expand housing opportunities for low and moderate income people

4. Improve areas where deterioration has begun and prevent the emergence of blighted areas.

5. Assure equal housing choice for all households in the City, regardless of race, religion, sex, ethnic background, age, physical disability, household composition, or families with children.

6. Encourage energy conserving practices in the operation of existing and in new residential development.

A review of the City's housing goals and policies indicate that they are appropriate with respect to contributing to the attainment of State housing goals. In particular, the City's goals to "Expand housing opportunities for low-moderate income people" and "Provide sufficient variety and supply of housing" assist in the statewide goals" . . . . . to expand housing opportunities and accommodate the housing needs of Californians of all economic levels" and ". . . . . to make adequate provision for the housing needs of all economic segments of the community."

In general, the City's goals encourage provision of housing for all types of households, which relates to the state's goals of ". . . . early attainment of decent housing and a suitable living environment for every California family . . . . "

B. Effectiveness of the Housing Element

The 1981 Housing Element identified quantitative objectives to be used in evaluating the provision of housing in the City of San Mateo. The chart below indicates figures through October of 1984, projections to 1985 assuming the same level of growth as occurred between 1980 and 1984, and the quantified 1985 objectives listed in the City's Housing Element.

Quantified Objectives and Performance

	1980-June 1984	1985 (proj.)	Housing Element 1985 Goal
Net Increase in Total Housing Supply	1,050	1,500	2,350
Newly Constructed Low- and Moderate-Income Housing	72	202	360
Substantially Rehabilitated Low- and Moderate-Income Housing	180	257	536
Conserved (Minor Repair) Low- and Moderate-Income Housing	110	157	150
Rental Assistance for Lower Income Households	14%	14%	14% of Countywide Total

With respect to these quantified objectives, it should be noted that many housing programs have recently been implemented (see below) which will improve the City's ability to provide housing for all income segments.

As of November, 1984, a total of 158 units have been approved by the City but have not yet been submitted for building permit plan check. In addition, a total of 537 units are being reviewed through the City's planning application process.

Lastly, a total of 284 units have building permits in for plan check. It is anticipated that these building permits will be issued by the Spring of 1985.

C. Progress of City in Implementation of the Housing Element

A number of new housing programs and Zoning Code and General Plan amendments have been implemented since the adoption of the 1981 Housing Element.

In 1983, the City Council directed the Planning staff to review and recommend changes in unit density, bedroom density, off-street parking, with the intent of encouraging additional housing. These changes in the Zoning Code and General Plan were mentioned in the Housing Element as ways to increase the availability of housing in San Mateo. Since that time, the bedroom density limitation has been repealed and studies regarding reductions in parking requirements and increases in density are underway.

Several programs, such as the Housing Rehabilitation Loan Program, Home Sharing Program, Minor Home Repair Program, have been ongoing programs to assist in maintaining existing housing stock.

Numerous state mandated requirements have also been implemented at the local level. A secondary unit ordinance was adopted in 1983 in response to AB1534 and seven such units have been approved by the City. In addition, the 25% density bonus given to projects providing a portion of low- to moderate-income units, in response to AB2099, is being requested by two projects presently being reviewed and processed by the City.

With regard to rental stock in San Mateo, two significant actions have taken place. Implementation of bonds under AB665, Tax Exempt Multi-Family Housing Bonds have been issued for two multi-family projects since 1981. As a result, a total of 130 very-low to lower income units will be constructed.

In addition, a Rental Rehabilitation Program has been established which will provide low interest loans (5% and 10%) up to a maximum of $5,000/unit to qualified landlords in the City's rehabilitation target areas.

Two other rental programs have been instituted: The California Housing Finance Agency (CHFA) for multi-family projects whose owners agree to rent 20% of the total units to lower income persons for the life of the loan; and the Jobs Bill Program which funds rehabilitation of multi-family dwellings whose owners agree to maintain rents at or below HUD Section 8 levels for two years.

The City's landbanking efforts are ongoing. A 2.8 acre plot has been added to the City's land inventory.

The Downtown Specific Plan is presently undergoing public hearings. An increased potential of approximately 1,000 dwelling units will result from implementation of the Downtown Specific Plan policies.

Towards the goal of providing more information to potential residential developers, the City has published a Development Handbook which outlines the City's development review process and lists all standard conditions of approval.

As noted above, while the City has completed several action programs which implement the goals of the 1981 Housing Element, many other action programs are presently being developed. The City will continue in this effort and develop other programs as described in Chapter VII, Ten Year Implementation Program.

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